



TEN PAO GROUP HOLDINGS LIMITED

天寶集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1979

2022 INTERIM REPORT



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Hung Kwong Yee

(Chairman and Chief Executive Officer)

Ms. Yang Bingbing

Independent Non-executive Directors

Mr. Lam Cheung Chuen

Mr. Chu Yat Pang Terry

Mr. Lee Kwan Hung Eddie

BOARD COMMITTEES

Audit Committee

Mr. Chu Yat Pang Terry *(Chairperson)*

Mr. Lam Cheung Chuen

Mr. Lee Kwan Hung Eddie

Remuneration Committee

Mr. Lee Kwan Hung Eddie

(Chairperson)

Mr. Hung Kwong Yee

Mr. Lam Cheung Chuen

Mr. Chu Yat Pang Terry

Nomination Committee

Mr. Hung Kwong Yee *(Chairperson)*

Mr. Chu Yat Pang Terry

Mr. Lam Cheung Chuen

Mr. Lee Kwan Hung Eddie

COMPANY SECRETARY

Mr. Tse Chung Shing, ACCA

AUTHORIZED REPRESENTATIVES

Mr. Hung Kwong Yee

Mr. Tse Chung Shing

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 610–612, 6th Floor

Kwong Sang Hong Centre

151–153 Hoi Bun Road

Kwun Tong

Kowloon

Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

Dongjiang Industrial Estate

Shuikou Street

Huicheng District

Huizhou City 516005

Guangdong Province

The People's Republic of China



SHARE REGISTRARS

Principal Share Registrar

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

HONG KONG LEGAL ADVISOR

Deacons
5/F, Alexandra House
18 Chater Road
Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Hongkong and Shanghai Banking
Corporation Limited
Standard Chartered Bank (Hong Kong)
Limited

STOCK CODE

1979

COMPANY'S CORPORATE WEBSITE

www.tenpao.com

INVESTOR RELATIONS CONTACT

www.tenpao.com/investor.html

FINANCIAL HIGHLIGHTS

		Six months ended 30 June		
		2022 (Unaudited)	2021 (Unaudited)	Change
Revenue	HK\$'000	2,997,808	3,316,353	-9.6%
Operating profit	HK\$'000	164,579	251,394	-34.5%
Profit for the period attributable to the owners of the Company	HK\$'000	133,034	190,195	-30.1%
Gross profit margin	%	15.0	17.1	-2.1% points
Operating profit margin	%	5.5	7.6	-2.1% points
Profit margin attributable to owners of the Company	%	4.4	5.7	-1.3% points
Earnings per share				
— basic and diluted per share	HK cents	13	19	
Interim dividend per share	HK cents	2.8	5.7	
		30 June 2022	31 December 2021	Change
Gearing ratio	%	46.1	44.2	1.9% points
Current ratio	times	1.19	1.14	4.4%
Average inventory turnover period	days	77	75	2.7%
Average trade receivables turnover period	days	80	68	17.6%
Average trade payables turnover period	days	105	112	-6.3%



OVERVIEW

Ten Pao Group Holdings Limited (“Ten Pao” or the “Company”) and its subsidiaries (collectively the “Group”), being an industry-leading provider of smart power supply solutions, has been developing power supply products for more than 40 years, earning the trust of prestigious domestic and international brands through continuous innovation and high-quality, diversified products and establishing itself as their reliable business partner.

The first half of 2022 was rife with turmoil due to market fluctuations caused by the global pandemic, rising inflation and interest rate hikes. Geopolitical tensions were also high during the six months ended 30 June 2022 (the “Period”), with the conflict between Russia and Ukraine since the end of this February making the international situation even more unpredictable. These unfavourable factors adversely affected supply chain operations and, together with rising raw material prices, increased hardship for the conduct of business. Amidst this everchanging domestic and international environment, Ten Pao’s management team responded proactively. The Group continued to extend its new energy product lines; expand its international, diversified customer layout; optimise its global production capacity planning and improve the automation efficiency of its manufacturing bases. At the same time, the Group consolidated its strategic inventory, doing its utmost to reduce the operating pressure caused by raw material shortages and inflation and increased flexibility for production and shipments.

Earlier in the year, Ten Pao's product delivery had been delayed by the resurgence of the COVID-19 pandemic in mainland China and the Spring Festival holiday as both affected the overall supply chain and the related logistics services. With the pandemic receding and with excellent recuperating capability demonstrated by Ten Pao's flexible management model, the impact caused by the recent market downturn was minimised, and the Group's business had begun a steady recovery. Nevertheless, the new wave of COVID-19 outbreak and the conflict between Russia and Ukraine have unavoidably impacted the Group's clients and suppliers. As a result, for the six months ended 30 June 2022, revenue decreased by 9.6% to HK\$2,997.8 million while profit before taxation for the Period amounted to HK\$160.1 million and profit attributable to owners of the Company decreased by 30.1% to HK\$133.0 million, as compared with the same period in 2021. Basic earnings per share for the Period decreased from HK19 cents to HK13 cents, as compared with the same period in 2021.

The board (the "Board") of directors (the "Directors") has decided to distribute an interim dividend of HK2.8 cents per ordinary share for the six months ended 30 June 2022 (2021: HK5.7 cents per ordinary share) in order to repay the long-term support of the Company's shareholders.

MARKET AND BUSINESS REVIEW

Pressing Ahead with the New Energy Vehicle Charging Business, Moving in Line Gradually with International Brands, and Targeting Products at Commercial and Civilian Markets

One of the Group's key development directions is the new energy industry. Globally, many countries have seen a higher prevalence of new energy vehicles after they set clear carbon neutrality targets, which has stimulated greater market demand for charging products of new energy vehicles. The future growth potential of the industry is significant. In mainland China, driven by supportive policies such as vehicle purchase tax exemption and subsidies, the market penetration rate of new energy vehicles has steadily increased. With the whole industry on the cusp of rapid development, society's demand for charging piles and various power components will continue to increase in tandem and the Group will be able to continually benefit from the trend.



The Group took the lead early and set up a new energy research and development centre in Sichuan in recent years to develop high-end charging equipment and to provide the market with products of greater technological advantage. The core components of the new energy vehicle charging piles developed by the Group (30KW charging modules) have been approved by major charging equipment manufacturers and have attracted a considerable number of orders. At present, these products are being mass produced at the Group's Dazhou base in Sichuan with production capacity growing rapidly. On the basis of this initiative, the Group is actively researching and developing more new-energy-related charging modules such as fast charging modules and multi-charging modules so as to lay a foundation for the Group to lead market trends and to expand its customer base. On the one hand, the Group is preparing its production capacity to fulfil potential new energy product orders, investing in the research and development and production of more charging pile core components with different functions and different power output. On the other hand, the Group is also actively expanding into more customer markets. At present, the Group is establishing contact with leading electric vehicle charging enterprises and actively seeking orders so that it may expand its business coverage in the blue ocean market of new energy.

In addition to charging modules, the Group attaches particular importance to the consumption and application of various charging and power storage technologies and has invested significant resources in developing this market. In recent years, the Group has taken the lead in becoming one of the first companies to design and produce portable electric vehicle chargers and portable power stations for new energy vehicles. The Group's self-developed portable electric vehicle chargers and portable power stations for new energy vehicles have been approved by the international energy giant Shell for a retail launch with Shell's trademark in North American market. The products have been on sale on major American websites and the sales volume is gradually rising.

In automotive electronics, the Group has jointly developed a series of products with a famous leading US automotive power products company, including smart chargers for automotive batteries, emergency power supplies and lithium battery packs, all of which are sold on major websites in the United States and Europe. In addition, the Group has cooperated with another internationally renowned brand to launch a large-capacity portable power station for outdoor use. The demand for portable energy storage devices has increased as today's young people remain committed to outdoor concerts, outdoor movie screenings, glamping and other such activities. With the lifting of travel restrictions in North America, more consumers are expected to favour these charging and energy storage products and automotive electronic products that will improve the quality and efficiency of outdoor travel. This new series of products will become another growth driver for the Group.

Enhancing Risk Resilience through Flexible Management and Delivering a Significant Rebound in Second Quarter

During the first half of the year, the industry faced pressure on multiple fronts. Labour mobility was affected by the COVID-19 pandemic in mainland China with the Spring Festival holiday adding further complexities. Geopolitical conflicts resulted in fluctuations in raw material supplies and prices. Such unfavourable factors impacted clients' business operation and the resultant decrease in order volume significantly affected the Group's operating results in the first quarter. Nonetheless, as Ten Pao has always attached great importance to supply chain internationalisation and diversification, the Group was able to consolidate supply chain management by adjusting production plans, purchasing batches in a timely manner and flexibly allocating raw materials in multiple locations. In addition, the Group has been maintaining excellent communication with its clients for years, which helped to improve order predictability. These two advantages directly elevated Ten Pao's risk resilience, leading to significant rebound in business performance in the second quarter and delivering overall stable results for the first half of the year.



For the six months ended 30 June 2022, the Group's overall power supply business remained stable. The Group possesses a strong customer portfolio as industrial power supply products are mainly sold to major international brands with stable shipment volume. In addition, the Group's flexible supply chain management and international production capacity layout have reinforced the risk resilience of the business. After the short-term impact from January to April, the Group's industrial power supply products recorded significant growth in demand and shipment volume in May and June. Segment revenue in the first half of the year was HK\$1,412.7 million, an increase of 8.4% as compared with the same period in 2021, accounting for 47.1% of the Group's total revenue. With scientific order scheduling and a series of measures to stabilize the supply and price of raw materials, it is expected that business of this segment will gradually improve and contribute towards revenue stability of the Group in the second half of the year.

Performance of the segment of power supply units for consumer products was relatively weak due to the slowdown in smartphone sales. On the one hand, the increase in demand for smart phone products in mainland China in 2021 due to the release of demand suppressed by the initial outbreak of the pandemic created a higher base value of comparison for the year. On the other hand, the Group's shipment performance was dragged by declined smartphone shipment volume and chip supply problems due to the pandemic's impact in the first half of this year. The revenue of the consumer goods' power supply segment was HK\$1,585.1 million, a decrease of 21.2% as compared with the same period in 2021, accounting for 52.9% of the Group's total revenue. Gross profit of this segment was approximately HK\$177.9 million. International market research institutions believe that the decline in the smartphone market is short-term in nature and will recover steadily in the future, thereby helping to drive rapid recovery of the Group's consumer power supply business.

The Group has actively promoted intelligent production upgrading and further improved its existing global production layout. Currently, the Group has production bases in Guangdong's Huizhou, Sichuan's Dazhou, Hungary and Vietnam. Production lines are now being installed in the Ten Pao Intelligent Manufacturing Industrial Park constructed in Huizhou, Guangdong. The Group will closely follow the market environment to plan its production schedule and provide more production capacity when appropriate. The Group is also providing customers with stable services and flexible tariff arrangements through solutions such as capacity allocation, supply chain planning and intelligent upgrades, further reducing potential risks of the Group in a single region.

PROSPECT

Given the still complex and uncertain global situation, the overall business environment of the second half of 2022 is quite challenging. The Group will exercise prudence while allocating resources and employ a careful and flexible management model to continually reinforce its traditional business such that growth and stability is maintained. On the other hand, adhering to the spirit of carrying forward the past and forging ahead, the Group will maintain vitality in operational production and R&D innovation, and press ahead successfully with the new energy business to create a major growth driver. In the future, we will continue to seize opportunities to accelerate our pace of research, development and production of automotive power supplies, electronic manufacturing solutions, digital production reforms, new client expansions and strive to develop the breadth and depth of our business.

The development of new energy vehicles in the past few years has been unstoppable. The market expects this rapid growth trend to continue in the second half of this year. The rise of new car manufacturers in the mainland offering a diversity of choice in terms of car models and prices, coupled with the high oil prices brought about by geopolitical conflicts and the support of various tax policies are expected to further boost demand for new energy vehicles in mainland China. The Group is determined to develop its new energy business as a growth driver and is actively investing more resources in research, development and market expansion to seize the market share of new energy vehicle charging facilities.



As mentioned, the core components of the Group's new energy vehicle charging piles have been quickly recognised upon market launch. The orders have been encouraging and it is expected this growth will continue going forward. The Group is currently planning to increase the production lines for 40KW charging modules and is actively developing higher-power new energy vehicle charging devices, automotive electronics and other high-end components and products for the purpose of providing time-saving, energy-saving, safe and cost-effective charging facilities in the market. Additionally, the Group will establish an offline sales network in North America on the basis of the existing online sales. Through collaboration with petrol stations and major home appliance retailers, the Group aims to breakthrough to physical retail, bringing its portable electric vehicle chargers and portable power stations for new energy vehicles to more consumers. The Group also hopes to gradually expand its consumer market and enhance its brand image by cooperating with more international brands in order to lay the foundation for the comprehensive development of the new energy business in the future.

In addition to the new energy business, the Group is also developing electronic manufacturing solutions other than power supply, charging and storage. Leveraging its large customer base, technology, and experience accumulated in the electronics industry as well as its global production network, the Group has successfully obtained orders for professional key module solutions. The Group plans to expand its production site from its mainland factory to its Vietnam base for trial production within this year. The Group will endeavour to develop a more diversified professional module business for customers, become a one-stop supplier of high-end electronic manufacturing solutions and further enhance the Group's importance in the customer value chain. This business segment not only strengthens the Group's customer base but also helps the Group to target a wider market and a more diverse clientele, enabling the Group to fully utilise its production capacity and generate additional revenue.

The Group's international production capacity distribution is strategically forward-looking. In addition to its core factory in Guangdong's Huizhou, the Group also has factories in Sichuan's Dazhou, Hungary, and Vietnam and may also establish production bases in other regions in the future. The globalisation of production capacity helps the Group offer more production bases and better customised services to end-customers in different regions. It also strengthens the Group's supplier network, enhances its raw material procurement capabilities and supply chain management. The flexible allocation of manufacturing capacity can reduce operating pressure caused by macro uncertainties such as the challenging bilateral economic relations between China and the United States, and the Russia-Ukraine conflict. All these enable the Group to provide customers with a more secure one-stop manufacturing solutions and back the Group in furthering its global market coverage.

To increase the manufacturing efficiency of existing business such as the industrial power supply products segment, the Group continues to implement intelligent and digital reforms with efficiency through a dedicated intelligent technology transformation department. Plans to extend the reforms to other production bases are in motion to reduce labour costs, minimize the cost pressure on the Group's manufacturing process brought by seasonal personnel turnover and enhance the control of product quality. Amidst global uncertainties, these reforms will enable the Group to maintain its competitive advantage, develop steadily and create better return for shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a strong and healthy balance sheet. As at 30 June 2022, net current assets amounted to HK\$446.3 million as compared with HK\$346.9 million as at 31 December 2021. As of 30 June 2022, current ratio was 1.19 times (31 December 2021: 1.14 times) (current ratio is calculated by using the following formula: current assets/current liabilities).



Gearing ratio was 46.1% as at 30 June 2022 (31 December 2021: 44.2%) (gearing ratio is calculated by using the following formula: total borrowings/total equity) as the Group had employed additional bank financing during the six months ended 30 June 2022 to finance the credit given to certain customers.

Net cash used in operating activities was HK\$10.3 million for the six months ended 30 June 2022 (net cash used in operating activities for the six months ended 30 June 2021: HK\$184.1 million), which was mainly due to the decrease of turnover by 9.6% as compared with the same period of last year and the extension of credit to customers during the Period.

Net cash used in investing activities for the six months ended 30 June 2022 was HK\$78.2 million (six months ended 30 June 2021: HK\$244.0 million) as the Group has acquired less property, plant and equipment, amounting to HK\$100.0 million (six months ended 30 June 2021: HK\$253.7 million).

During the six months ended 30 June 2022, net cash generated from financing activities was HK\$28.0 million (six months ended 30 June 2021: HK\$119.2 million).

DEBT MATURITY PROFILE

The maturity profile of the Group's borrowing is set out below:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 1 year	379,134	341,134
Between 1 and 2 years	104,337	183,630
Between 2 and 5 years	142,310	54,157
	625,781	578,921

FINANCIAL RISK MANAGEMENT

Foreign Exchange Risk

The Group operates mainly in the PRC, with a notable portion of its revenue derived from its export sales to overseas countries. The Group is exposed to foreign exchange risks, in particular fluctuations in currency exchange rates of HK\$ and USD against RMB.

The Group generates a notable portion of revenue and receivables in USD and HK\$, while our cost of sales is primarily denominated in RMB. For the six months ended 30 June 2022, the Group's revenue denominated in USD and HK\$ amounted to approximately 56.6% of its total revenue (six months ended 30 June 2021: 52.0%).

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and it may enter into certain forward foreign exchange contracts, when necessary, to manage its exposure against foreign currencies and to mitigate the impact on exchange rate fluctuations. During the six months ended 30 June 2022, no forward foreign exchange contracts had been entered into by the Group as the Group did not consider there was any risk associated with exchange rate fluctuation that may adversely affect the results of the Group.

Cash Flow and Fair Value Interest Rate Risk

As the Group has no significant interest-bearing assets (other than bank balances and cash), the Group's income and operating cash flows are substantially independent of changes in market interest rates. As of 30 June 2022, the Group had bank borrowings of HK\$625.8 million (31 December 2021: HK\$578.9 million) which were primarily denominated in HK\$, USD and RMB.



Credit Risk

The Group has no significant concentrations of credit risk. The carrying amounts of trade receivables, deposits and other receivables, bank balances and cash included in the interim condensed consolidated balance sheet represented the Group's maximum exposure to credit risk in relation to its financial assets. The Group has policies in place to ensure credit terms are only granted to customers with an appropriate credit history, and credit evaluations on them were performed periodically, taking into account their financial position, past experience and other factors. For customers to whom no credit terms were offered, the Group generally requires them to pay deposits and/or advances prior to the delivery of products. The Group typically does not require collaterals from customers. Provisions are made for the balances when they are past due and the management considers the default risk is high.

As at 30 June 2022, all of the bank balances, term deposits and restricted bank deposits of the Group were deposited with highly reputable and sizable banks and financial institutions without significant credit risk in the PRC and Hong Kong. The management does not expect to incur any losses from non-performance by these banks and financial institutions. As at 30 June 2022 and 31 December 2021, the Group held cash and bank balances and restricted bank deposits totalling HK\$293.1 million and HK\$351.7 million, respectively, with four major banks in the PRC and Hong Kong.

Liquidity Risk

The liquidity position of the Group is monitored closely by its management. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant contingent liabilities (31 December 2021: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have plans for material investments or capital assets during the six months ended 30 June 2022.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures for the six months ended 30 June 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION



HUMAN RESOURCES

The Group employed a total of approximately 8,000 full-time employees as of 30 June 2022. The Group believes human resources are its valuable assets and maintains its solid commitment to attracting, developing and retaining talented employees, in addition to providing dynamic career opportunities and a favorable working environment to its employees. The Group constantly provides training with diverse operational functions and offers competitive remuneration packages and incentives to all employees. The Group regularly reviews its human resources policies for addressing corporate development needs. The total labour costs for the six months ended 30 June 2022 was HK\$493.6 million, as compared to HK\$450.1 million for the same period last year.

CORPORATE GOVERNANCE PRACTICES

The Board and the management are committed to abiding by the principles of good corporate governance with emphasis on transparency and accountability. The Board has established an audit committee (the "Audit Committee"), a nomination committee and a remuneration committee with defined terms of reference in accordance with the requirements set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with the code provisions set out in the CG Code throughout the six months ended 30 June 2022 and up to the date of this interim report, with the exception of code provision C.2.1.

According to code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same person. The Company deviates from this code provision because Mr. Hung Kwong Yee (“Chairman Hung”) performs both the roles of the chairman of the Board and the chief executive officer of the Company. Chairman Hung, the founder of the Group with the established market reputation in the power supply industry in the PRC, has extensive experience in the Group’s business operation and management in general. The Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group’s business strategies and, hence, is in the best interests of the Group. Under the leadership of Chairman Hung, the Board works effectively and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as the code of conduct governing Directors’ dealings in the Company’s securities. Employees of the Group (the “Relevant Employees”) who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities are also subject to compliance with the Model Code. Following specific enquiry, all the Directors have confirmed their compliance with the Model Code throughout the six months ended 30 June 2022 and up to the date of this interim report. In addition, no incident of non-compliance of the Model Code by the Relevant Employees was noted by the Company during the six months ended 30 June 2022 and up to the date of this interim report.



INTERIM DIVIDEND

The Board has resolved to distribute an interim dividend of HK2.8 cents per ordinary share for the six months ended 30 June 2022 (2021: HK5.7 cents per ordinary share) to the Company's shareholders. The interim dividend is expected to be paid on 25 October 2022 to all shareholders whose names appear on the register of members of the Company on 7 October 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5 October 2022 (Wednesday) to 7 October 2022 (Friday), both days inclusive, for the purpose of determining the entitlement to the interim dividend for the six months ended 30 June 2022. In order to be qualified for the said interim dividend, unregistered holders of shares of the Company should ensure all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on 3 October 2022 (Monday). The ex-dividend date will be 30 September 2022 (Friday).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chu Yat Pang Terry (chairman), Mr. Lam Cheung Chuen and Mr. Lee Kwan Hung Eddie.

The Audit Committee has reviewed the Company's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2022 in conjunction with the Company's management. The Audit Committee has also reviewed the effectiveness of the risk management and internal control systems of the Group and considered them effective.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this interim report, the Company has met the Listing Rule requirement of having a sufficient public float, i.e. at least 25% of the Company's total number of issued shares (being the minimum prescribed percentage under the Listing Rules) were held by the public.



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), as recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, or so far as known to the Directors, were as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity	Note	Number of ordinary shares interested	Approximate percentage* of the Company's issued share capital
Chairman Hung	Beneficial owner		17,540,000	1.75%
	Interest of a controlled corporation	1	338,012,000	33.79%
	Founder of a discretionary trust	2	300,000,000	29.99%
Total			655,552,000	65.53%

Notes:

1. These shares are held by Even Joy Holdings Limited, a company wholly owned by Chairman Hung. By virtue of the SFO, Chairman Hung is deemed to be interested in these shares held by Even Joy Holdings Limited.
2. These shares are held by TinYing Investments Limited, a company wholly owned by TinYing Holdings Limited, which is in turn wholly owned by Vistra Trust (BVI) Limited acting as the trustee of The TinYing Trust (the "Family Trust"). The Family Trust is a discretionary trust established by Chairman Hung as settlor. The beneficiaries of the Family Trust are Chairman Hung, certain of his family members and other persons who may be added or amended from time to time. By virtue of the SFO, Chairman Hung, TinYing Holdings Limited and Vistra Trust (BVI) Limited are deemed to be interested in these shares held by TinYing Investments Limited.
- * The percentage represents the number of ordinary shares of the Company interested divided by the number of the Company's issued shares as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, or so far as known to the Directors.



INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, the following corporations or persons (other than a Director or the chief executive of the Company) had an interest or a short position in the shares or underlying shares of the Company, as recorded in the register of the Company required to be kept under Section 336 of the SFO:

Long position in ordinary shares of the Company

Name of shareholder	Capacity	Note	Number of ordinary shares interested	Approximate percentage* of the Company's issued share capital
Even Joy Holdings Limited	Beneficial owner	1	338,012,000	33.79%
TinYing Investments Limited	Beneficial owner	1	300,000,000	29.99%
TinYing Holdings Limited	Interest of a controlled corporation	1	300,000,000	29.99%
Vistra Trust (BVI) Limited	Trustee of a discretionary trust	1	300,000,000	29.99%
FIDELITY CHINA SPECIAL SITUATIONS PLC	Beneficial owner		79,996,000	7.99%
FIL Limited	Interest of controlled corporations	2	79,976,000	7.99%
Pandanus Partners L.P.	Interest of controlled corporations	2	79,976,000	7.99%
Pandanus Associates Inc.	Interest of controlled corporations	2	79,976,000	7.99%

Notes:

- 1 These interests are also disclosed as the interests of Chairman Hung in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures".
 2. According to the disclosure of interests notice filed by Pandanus Associates Inc. ("Pandanus") on 9 August 2021, the interests of these shares are directly or indirectly held by FIL Limited ("FIL"). FIL is 37.01% controlled by Pandanus Partners L.P. ("Pandanus L.P."), which is in turn wholly-owned by Pandanus. By virtue of the SFO, Pandanus and Pandanus L.P. are deemed to be interested in these shares of which FIL has interests.
- * The percentage represents the number of ordinary shares of the Company interested divided by the number of the Company's issued shares as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, other than the Directors and the chief executive of the Company whose interests are set out in the above paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures", no person had any interest or short position in the shares or underlying shares of the Company recorded in the register of the Company required to be kept pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 23 November 2015 (the "Share Option Scheme"), which falls within the ambit of, and is subject to the regulations under Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to recognise and acknowledge the contributions the eligible participants (the "Eligible Participants") have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with a view to achieving the following objectives: (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.



Eligible Participants of the Share Option Scheme include: (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any Directors (including independent non-executive Directors) or any directors of the Company's subsidiaries; (iii) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group.

Since the adoption of the Share Option Scheme, a total of 19,348,000 share options have been granted, of which 456,000 share options were exercised and all the remaining 18,892,000 share options were lapsed in accordance with the terms of the Share Option Scheme. No movement of share options for the six months ended 30 June 2022 is shown in this interim report since (i) there were no outstanding share options at the beginning of the said six-month period; and (ii) there was no grant of share options during the said six-month period.

UPDATE ON DIRECTOR'S INFORMATION

Set out below is the change in the Director's information, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

- With effect from 17 July 2022, Mr. Lee Kwan Hung Eddie (an independent non-executive Director) has resigned as an independent non-executive director of Glory Sun Financial Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1282).

Save as disclosed above, there is no other information which is required to be disclosed under Rule 13.51B(1) of the Listing Rules.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Ten Pao Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 28 to 76, which comprises the interim condensed consolidated balance sheet of Ten Pao Group Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(All amounts in HK dollar thousands unless otherwise stated)

	Notes	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Revenue	6	2,997,808	3,316,353
Cost of sales	8	(2,546,982)	(2,748,838)
Gross profit		450,826	567,515
Other income	7	7,860	8,858
Other gains/(losses) — net	7	31,868	(10,052)
Selling expenses	8	(110,806)	(126,704)
Administrative expenses	8	(215,203)	(188,727)
Reversal of net impairment losses on financial assets		34	504
Operating profit		164,579	251,394
Finance income	9	971	1,694
Finance expenses	9	(5,495)	(4,596)
Finance expenses — net		(4,524)	(2,902)
Profit before income tax		160,055	248,492
Income tax expenses	10	(27,576)	(53,535)
Profit for the period attributable to:			
Owners of the Company		133,034	190,195
Non-controlling interests		(555)	4,762
		132,479	194,957
Earnings per share for the period			
— basic and diluted per share	11	HK\$0.13	HK\$0.19

The above interim condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in HK dollar thousands unless otherwise stated)



	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit for the period	132,479	194,957
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(75,080)	16,097
Changes in the fair value of equity investments at fair value through other comprehensive income	(6,060)	(4,091)
	(81,140)	12,006
Total comprehensive income for the period attributable to :		
Owners of the Company	51,894	202,201
Non-controlling interests	(555)	4,762
	51,339	206,963

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(All amounts in HK dollar thousands unless otherwise stated)

	Notes	30 June 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Land use rights	13	4,474	4,820
Property, plant and equipment	13	1,068,496	1,074,459
Right-of-use assets	14	133,532	142,697
Investment properties	15	7,700	7,700
Intangible assets	13	11,671	11,751
Deferred income tax assets	26	48,654	45,601
Derivative financial assets — non-current	18	7,071	554
Financial assets at fair value through other comprehensive income	19	3,036	9,541
Financial assets at fair value through profit or loss	20	43,017	44,794
Prepayments for the purchase of property, plant and equipment		3,635	20,557
		1,331,286	1,362,474
Current assets			
Inventories	16	1,026,337	1,150,120
Trade and other receivables	17	1,523,624	1,299,918
Amounts due from related parties	28(b)	2,426	1,484
Derivative financial assets — current	18	525	—
Restricted bank deposits	21	72,778	63,258
Cash and cash equivalents		220,274	288,440
		2,845,964	2,803,220
Total assets		4,177,250	4,165,694



	Notes	30 June 2022 (Unaudited)	31 December 2021 (Audited)
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	22	10,005	10,005
Share premium	22	125,788	125,788
Other reserves		128,951	208,035
Retained earnings		1,093,929	951,801
		1,358,673	1,285,629
Non-controlling interests		(843)	12,886
Total equity		1,357,830	1,308,515
LIABILITIES			
Non-current liabilities			
Non-current bank borrowings	23	246,647	237,787
Lease liabilities — non-current	14	23,518	23,743
Derivative financial instruments — non-current	18	—	1,339
Deferred income tax liabilities	26	90,247	91,688
Deferred government grants	24	59,362	46,324
		419,774	400,881

Interim condensed consolidated balance sheet

(All amounts in HK dollar thousands unless otherwise stated)

	Notes	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Current liabilities			
Trade and other payables	25	1,924,246	2,017,929
Contract liabilities		21,435	17,686
Amounts due to related parties	28(c)	49,441	28,732
Dividend payable		5,315	9,257
Income tax liabilities		15,062	32,681
Lease liabilities — current	14	4,959	8,840
Derivative financial instruments — current	18	54	39
Short-term bank borrowings	23	249,277	239,523
Current portion of non-current bank borrowings	23	129,857	101,611
		2,399,646	2,456,298
Total liabilities		2,819,420	2,857,179
Total equity and liabilities		4,177,250	4,165,694

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

The interim financial information on pages 28 to 76 were approved by the Board of Directors on 26 August 2022 and were signed on its behalf.

Mr. Hung Kwong Yee
Director

Ms. Yang Bingbing
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in HK dollar thousands unless otherwise stated)



For the six months ended 30 June 2022 (unaudited)	Other Reserves											Total Equity
	Share Capital	Share Premium	Statutory Reserves	Capital Reserves	Financial Assets At Fair Value Through Other			Share Options	Retained Earnings	Non- Controlling Interests		
					Comprehensive Income (FVOCI)	Exchange Reserves	Total					
Balance at 1 January 2022	10,005	125,788	127,058	303	(8,688)	83,894	5,468	208,035	951,801	1,295,629	12,886	1,308,515
Comprehensive income												
Profit for the period	—	—	—	—	—	—	—	—	133,034	133,034	(555)	132,479
Other comprehensive income												
Currency translation differences	—	—	—	—	—	(75,080)	—	(75,080)	—	(75,080)	—	(75,080)
Fair value change of FVOCI	—	—	—	—	(6,060)	—	—	(6,060)	—	(6,060)	—	(6,060)
Total comprehensive income	—	—	—	—	(6,060)	(75,080)	—	(81,140)	133,034	51,894	(555)	51,339
Transactions with owners												
Capital contributed by non-controlling interests	—	—	—	—	—	—	—	—	—	—	490	490
Acquisition of additional equity interests in a subsidiary (Note 28)	—	—	—	2,056	—	—	—	2,056	—	2,056	(4,570)	(2,514)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	9,094	9,094	(9,094)	—
Total transactions with owners, recognised directly in equity	—	—	—	2,056	—	—	—	2,056	9,094	11,150	(13,174)	(2,024)
Balance at 30 June 2022 (unaudited)	10,005	125,788	127,058	2,359	(14,748)	8,814	5,468	128,951	1,093,929	1,358,673	(843)	1,357,830

Interim condensed consolidated statement of changes in equity

(All amounts in HK dollar thousands unless otherwise stated)

For the six months ended 30 June 2021 (unaudited)	Other Reserves										Total	
	Share Capital	Share Premium	Statutory Reserves	Capital Reserves	Financial Assets At Fair Value Through Other Comprehensive Income (FVOCI)	Exchange Reserves	Share Options	Total	Retained Earnings	Total		Non- Controlling Interests
Balance at 1 January 2021	10,005	125,788	76,358	338	(4,275)	42,812	5,468	120,701	745,030	1,001,524	(718)	1,000,806
Comprehensive income												
Profit for the period	—	—	—	—	—	—	—	—	190,195	190,195	4,762	194,957
Other comprehensive income												
Currency translation differences	—	—	—	—	—	16,097	—	16,097	—	16,097	—	16,097
Fair value change of FVOCI	—	—	—	—	(4,091)	—	—	(4,091)	—	(4,091)	—	(4,091)
Total comprehensive income	—	—	—	—	(4,091)	16,097	—	12,006	190,195	202,201	4,762	206,963
Contributions by and distributions to owners of the Company recognised directly in equity												
Dividends	—	—	—	—	—	—	—	—	—	—	—	—
Total contributions by and distributions to owners of the Company for the period	—	—	—	—	—	—	—	—	—	—	—	—
Transactions with owners												
Capital contributed by non-controlling interests	—	—	—	(35)	—	—	—	(35)	—	(35)	3,641	3,606
Total transactions with owners, recognised directly in equity	—	—	—	(35)	—	—	—	(35)	—	(35)	3,641	3,606
Balance at 30 June 2021 (unaudited)	10,005	125,788	76,358	303	(8,366)	58,909	5,468	132,672	935,225	1,203,690	7,685	1,211,375

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in HK dollar thousands unless otherwise stated)



	Six months ended 30 June	
	<i>Notes</i>	2021
	2022	2021
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operations	40,988	(113,791)
Interest paid	(4,777)	(5,034)
Interest income	971	1,694
Income tax paid	(47,527)	(66,950)
Net cash used in operating activities	(10,345)	(184,081)
Cash flows from investing activities		
Purchase of property, plant and equipment	(99,999)	(253,740)
Purchase of intangible assets	(1,675)	(579)
Proceeds from disposal of property, plant and equipment	5,688	9,832
Addition of financial assets at fair value through profit or loss	—	(12,018)
Grants from government related to assets	17,755	12,467
	<i>24</i>	
Net cash used in investing activities	(78,231)	(244,038)

Interim condensed consolidated statement of cash flows

(All amounts in HK dollar thousands unless otherwise stated)

	Notes	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from financing activities			
Proceeds from bank borrowings	23	755,523	1,058,039
Repayments of bank borrowings	23	(707,304)	(944,163)
Payments for acquisition of non-controlling interests in a subsidiary	28(d)	(2,514)	—
Capital contributed by non-controlling interests		490	3,606
Dividends paid to non-controlling interests in subsidiaries		(3,791)	—
(Increase)/decrease in restricted bank deposits		(9,520)	5,981
Principal elements of lease payments		(4,896)	(4,300)
Net cash generated from financing activities		27,988	119,163
Net decrease in cash and cash equivalents		(60,588)	(308,956)
Cash and cash equivalents at beginning of the period		288,440	426,573
Effects of exchange rate changes on cash and cash equivalents		(7,578)	2,885
Cash and cash equivalents at end of the period		220,274	120,502
Analysis of balance of cash and cash equivalents:			
Cash and cash on hand		220,274	120,502

NOTES TO THE INTERIM FINANCIAL INFORMATION

(All amounts in HK dollar thousands unless otherwise stated)



1 GENERAL INFORMATION

Ten Pao Group Holdings Limited (天寶集團控股有限公司) (the “Company”) was incorporated in the Cayman Islands on 27 January 2015 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company, an investment holding company, and its subsidiaries (collectively, the “Group”) are principally engaged in the developing, manufacturing and sales of switching power supply units for consumer products and smart chargers and controllers for industrial use in the People’s Republic of China (the “PRC”). The controlling shareholder of the Group is Mr. Hung Kwong Yee (洪光椅) (the “Controlling Shareholder” or “Chairman Hung”).

On 11 December 2015, shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This interim financial information (the “Interim Financial Information”) is presented in Hong Kong dollar (“HK\$”) thousands, unless otherwise stated.

This Interim Financial Information was approved for issue on 26 August 2022 and has not been audited.

2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2022 (the “Period”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants. This Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2021 (the “2021 Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the 2021 Financial Statements, as described in those annual financial statements, except for the adoption of amendments to HKASs effective for the financial year beginning 1 January 2022.

3.1 New and amended standards adopted by the Group

A number of new or amended standards including amendments to HKAS 16, amendments to HKFRS 3, amendments to HKAS 37, annual improvements and amendments to Accounting Guideline 5 (revised) became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards. The Directors consider that application of these new standards, amendments and interpretation to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and on the disclosures set out in this Interim Financial Information.

3.2 Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.



4 ESTIMATES

The preparation of the Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2021 Financial Statements.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

This Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with them.

There have been no changes in the risk management function since 31 December 2021 or in any risk management policies since 31 December 2021.

5.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and bank balances. The Group's liquidity risk is further mitigated through the availability of financing through its own cash resources and the availability of banking facilities to meet its financial commitments. In the opinion of the directors, the Group does not have any significant liquidity risk.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by the levels of inputs to valuation techniques. The inputs to valuation techniques are categorised into three levels within a fair value hierarchy, as follows:

- Level 1 — Quoted prices unadjusted in active markets for identical assets or liabilities.
- Level 2 — Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly that is, as prices or indirectly that is, derived from prices.
- Level 3 — Inputs for the asset or liability that are not based on observable market data that is, unobservable inputs.



5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2022 and 31 December 2021.

	As at 30 June 2022 (unaudited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements				
Assets				
Derivative financial instruments — current	—	525	—	525
Derivative financial instruments — non-current	—	7,071	—	7,071
Financial assets at fair value through profit or loss — non-current	—	—	43,017	43,017
Financial assets at fair value through comprehensive income — non-current	—	—	3,036	3,036
Liabilities				
Derivative financial instruments — current	—	54	—	54

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

	As at 31 December 2021 (audited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss —				
non-current	—	—	44,794	44,794
Financial assets at fair value through comprehensive income —				
non-current	—	—	9,541	9,541
Derivative financial instruments —				
non-current	—	554	—	554
Liabilities				
Derivative financial instruments —				
current	—	39	—	39
Derivative financial instruments —				
non-current	—	1,339	—	1,339



5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

(c) Financial instruments in level 3 (continued)

- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

There were no transfers of financial assets between level 2 and level 3 fair value hierarchy classifications during the Period.

Note that all the resulting fair value estimates are included in level 2 except for unlisted equity investments and insurance for the Controlling Shareholder as explained below.

Quantitative information about fair value measurements using significant unobservable inputs Level 3

Description	Fair value HK\$'000	Valuation technique	Unobservable input	Assumption
Insurance for the Controlling Shareholder				
As at 31 December 2021	3,209	Discounted cash flow	Discount rate Death benefit Holding time	3.65% 80% of insurance fee Hold before 99 years old
As at 30 June 2022	3,261	Discounted cash flow	Discount rate Death benefit Holding time	3.65% 80% of insurance fee Hold before 99 years old
Unlisted equity investments				
As at 31 December 2021	51,126	Discounted cash flow	Net profit rate Discount rate	-16.7%-20.0% 15%
As at 30 June 2022	42,792	Discounted cash flow	Net profit rate Discount rate	-18.9%-19.0% 15%



5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

(c) Financial instruments in level 3 (continued)

The following table presents the changes in level 3 instruments for the half-year ended 30 June 2022:

	Unlisted equity investments	Insurance for the Controlling Shareholder	Total
	HK\$'000	HK\$'000	HK\$'000
Opening balance at 31			
December 2021 (audited)	51,126	3,209	54,335
Fair value change	(6,085)	31	(6,054)
Currency translation differences	(2,249)	21	(2,228)
Closing balance at 30 June			
2022 (unaudited)	42,792	3,261	46,053

(i) Valuation processes

The finance department of the Group includes a team that performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every six months, in line with the Group's half-yearly reporting periods.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

(c) Financial instruments in level 3 (continued)

(i) Valuation processes (continued)

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rates for financial assets are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Net profit rate for unlisted equity investments is estimated based on market information for similar types of companies.

6 SEGMENT INFORMATION

The chief operating decision-makers have been identified as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources and have determined the operating segments based on the internal reports that are used to make strategic decisions. The executive directors considered the nature of the Group's business and determined that the Group's electric charging products can be categorised into six reportable segments as follows: (i) telecommunication, (ii) media and entertainment, (iii) electrical home appliances, (iv) smart chargers and controllers, (v) lighting, and (vi) others.



6 SEGMENT INFORMATION (CONTINUED)

Segment information for the interim condensed consolidated statement of profit or loss is set out below:

	Telecommunication	Media and entertainment	Electrical home appliances	Smart chargers and controllers	Lighting	Others	Total
Six months ended 30 June 2022 (unaudited)							
Revenue							
Revenue from external customers							
— At a point in time	918,499	207,102	70,358	1,412,726	175,109	214,014	2,997,808
Segment results	99,338	20,828	12,070	272,934	22,061	23,595	450,826
Other income							7,860
Other gains — net							31,868
Selling expenses							(110,806)
Administrative expenses							(215,203)
Reversal of net impairment losses on financial assets							34
Finance expenses — net							(4,524)
Profit before income tax							160,055

Notes to the Interim Financial Information

(All amounts in HK dollar thousands unless otherwise stated)

6 SEGMENT INFORMATION (CONTINUED)

	Telecommunication	Media and entertainment	Electrical home appliances	Smart chargers and controllers	Lighting	Others	Total
Six months ended 30 June							
2021 (unaudited)							
Revenue							
Revenue from external customers							
— At a point in time	1,367,648	218,350	73,246	1,303,648	235,766	117,695	3,316,353
Segment results	224,773	29,693	15,208	239,958	37,882	20,001	567,515
Other income							8,858
Other losses — net							(10,052)
Selling expenses							(126,704)
Administrative expenses							(188,727)
Reversal of net impairment losses on financial assets							504
Finance expenses — net							(2,902)
Profit before income tax							248,492

Non-current assets, other than financial instruments and deferred income tax assets, by country:

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
PRC (excluding Hong Kong)	1,083,135	832,058
Hungary	68,298	74,280
Vietnam	68,071	50,755
Hong Kong	9,989	19,874
Others	15	6
	1,229,508	976,973



7 OTHER INCOME AND OTHER GAINS/(LOSSES) — NET

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Other income		
Sales of scrap materials	3,735	3,419
Safety fee income	1,392	1,001
Sales of raw materials, sample and molds	1,112	2,347
Rental income	803	854
Others	818	1,237
	7,860	8,858
Other gains/(losses) — net		
Fair value changes on derivative financial instruments	8,366	3,188
Fair value changes on financial assets at fair value through profit or loss	(1,777)	33
Fair value changes on investment properties (Note 15)	—	600
Net foreign exchange gains/(losses)	8,280	(18,676)
Government grants	10,567	4,073
Loss on disposal of property, plant and equipment	(457)	(445)
Others	6,889	1,175
	31,868	(10,052)

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Raw materials and consumables used	1,997,347	2,307,278
Employee benefit expenses	422,926	387,468
Changes in inventories of finished goods and work in progress	127,854	37,243
Depreciation, amortisation and impairment charges	79,998	49,748
Research and development expenses		
— Employee benefit expenses	70,650	62,605
— Raw materials, consumables used and others	20,924	30,754
— Depreciation and amortisation	8,472	8,842
Transportation and travelling expenses	32,418	33,740
Water and electricity expenses	25,000	20,131
Maintenance expenses	21,619	21,784
Commission expenses	15,882	17,903
Operating lease payments	12,886	10,128
Consultancy fee	11,912	6,737
Business tax and surcharge	7,192	6,515
Certificate and detection fees	6,247	9,014
Commercial insurance	5,620	6,162
Other taxes and levies	4,439	3,813
Advertising costs	3,353	2,812
Auditors' remuneration	1,962	2,524
Communication expenses	1,791	1,191
Entertainment expenses	1,681	2,342
Bank charges	898	888
(Reversal of allowance)/allowance for impairment of inventory	(16,071)	28,757
Other expenses	7,991	5,890
Total cost of sales, selling expenses and administrative expenses	2,872,991	3,064,269



9 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Finance income:		
Interest income	971	1,694
Finance expenses:		
Interest on bank borrowings	(6,905)	(4,222)
Interest on lease liabilities (Note 14)	(273)	(374)
	(7,178)	(4,596)
Amounts capitalised	1,683	—
Finance expenses expensed	(5,495)	(4,596)
Finance expenses — net	(4,524)	(2,902)

10 INCOME TAX EXPENSES

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Current income tax		
— PRC corporate income tax	11,795	37,127
— Hong Kong profits tax	18,113	20,750
Subtotal	29,908	57,877
Deferred income tax (<i>Note 26</i>)	(2,332)	(4,342)
	27,576	53,535

Subsidiaries in Hong Kong are subject to 16.5% income tax rate before 2018. Under the current Hong Kong Inland Revenue Ordinance, from the year of assessment 2018/2019 onwards, the subsidiaries in Hong Kong are subject to profits tax at the rate of 8.25% on assessable profits up to HK\$2,000,000, and 16.5% on any part of assessable profits over HK\$2,000,000 (2021 interim: the subsidiaries in Hong Kong are subject to profits tax at the rate of 8.25% on assessable profits up to HK\$2,000,000, and 16.5% on any part of assessable profits over HK\$2,000,000).

PRC corporate income tax (“CIT”) is provided on the assessable income of entities within the Group incorporated in the PRC, calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits.

Pursuant to the PRC Corporate Income Tax Law passed by the Tenth National People’s Congress on 16 March 2007, the CIT rate for domestic and foreign enterprises has been unified at 25%, effective from 1 January 2008.



10 INCOME TAX EXPENSES (CONTINUED)

Ten Pao Electronic (Huizhou) Co., Ltd. (“Ten Pao Electronic (Huizhou)”) was set up as a foreign investment manufacturing enterprise in the PRC. Ten Pao Electronic (Huizhou) was recognised as “New and High Technology Enterprises” and thus enjoys a preferential CIT rate of 15%. Its CIT rate for the Period was 15% (2021 interim: 15%).

Dazhou Ten Pao Jin Hu Electronic Co., Ltd. (“Ten Pao Electronic (Dazhou)”) was recognized as “New and High Technology Enterprises” and thus enjoys a preferential CIT rate of 15%. Its CIT rate for the Period was 15% (2021 interim: 25%).

11 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the Period by the weighted average number of ordinary shares in issue for the Period.

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	133,034	190,195
Weighted average number of shares issued (thousands)	1,000,456	1,000,456
Basic earnings per share (HK cents)	13	19

11 EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Diluted earnings per share presented is the same as basic earnings per share as there was no potentially dilutive ordinary share outstanding as at 30 June 2022 and 2021.

12 DIVIDENDS

The Board resolved on 26 August 2022 to declare an interim dividend of HK2.8 cents per ordinary share for the six months ended 30 June 2022 (2021 interim: HK5.7 cents per share). This interim dividend, amounting to HK\$28.9 million (2021 interim: HK\$57.0 million), has not been recognised as a liability in this Interim Financial Information.

On 17 June 2022, a final dividend for the year ended 31 December 2021 by way of cash with an option to elect to receive wholly or partly an allotment and issue of scrip shares in lieu of cash payment, equivalent to HK5.6 cents per ordinary share, was approved by the then shareholders of the Company.



13 LAND USE RIGHTS, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Land use rights	Property, plant and equipment	Intangible Assets
Net book amount as at 31 December 2021	4,820	1,074,459	11,751
Additions	—	133,119	1,675
Disposals	—	(6,145)	—
Impairment charges	—	(6,881)	—
Currency translation differences	(346)	(50,086)	(519)
Depreciation/amortisation	—	(75,970)	(1,236)
Net book amount as at 30 June 2022 (unaudited)	4,474	1,068,496	11,671
Net book amount as at 1 January 2021	5,205	585,214	11,009
Additions	—	593,821	2,470
Disposals	—	(3,359)	—
Impairment charges	—	(3,011)	—
Currency translation differences	(385)	17,742	303
Depreciation/amortisation	—	(115,948)	(2,031)
Net book amount as at 31 December 2021 (audited)	4,820	1,074,459	11,751

As at 30 June 2022, the Group's interests in land use rights represented freehold land in Hungary.

*(All amounts in HK dollar thousands unless otherwise stated)***14 LEASES**

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the balance sheet

The interim condensed consolidated balance sheet shows the following amounts relating to leases:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Right-of-use assets		
Land use rights	103,759	109,701
Buildings	29,773	32,996
	133,532	142,697
Lease liabilities		
Current	4,959	8,840
Non-current	23,518	23,743
	28,477	32,583



14 LEASES (CONTINUED)

(b) Amounts recognised in the statement of profit or loss

The interim condensed consolidated statement of profit or loss shows the following amounts relating to leases:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Depreciation and amortisation charge of right-of-use assets		
Land use rights	1,170	1,156
Buildings	3,213	4,151
	4,383	5,307
Interest expenses (included in finance expenses-net) (<i>Note 9</i>)	273	374
Expenses relating to short-term leases (included in cost of sales, selling expenses and administrative expenses)	12,886	10,128

15 INVESTMENT PROPERTIES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
At fair value		
At beginning of period	7,700	7,100
Net gains from fair value adjustment	—	600
At end of period	7,700	7,700

As at 30 June 2022, the Group had no unprovided contractual obligations for future repairs and maintenance (31 December 2021: Nil).

The valuation of the Group's investment properties was performed by Dudley Surveyors Limited at 30 June 2022 and 31 December 2021, to determine the fair value of the investment properties. The revaluation gains or losses are included in 'Other gains/(losses) — net' in the interim condensed consolidated statement of profit or loss. The following table analyses the investment properties carried at fair value, by valuation method.



15 INVESTMENT PROPERTIES (CONTINUED)

Description	Office units — Hong Kong			Total
	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	
Recurring fair value measurements method				
Investment properties:				
As at 30 June 2022 (unaudited)	—	7,700	—	7,700
As at 31 December 2021 (audited)	—	7,700	—	7,700

There were no transfers between Level 1, 2 and 3 during the Period (31 December 2021: Nil).

As at 30 June 2022, the Group's bank borrowings were secured over investment properties with the carrying amounts of HK\$7,700,000 (31 December 2021: HK\$7,700,000) (Note 23(a)).

*(All amounts in HK dollar thousands unless otherwise stated)***16 INVENTORIES**

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Raw materials	480,472	473,300
Work in progress	299,446	285,521
Finished goods	340,848	482,627
	1,120,766	1,241,448
Less: allowance for impairment	(94,429)	(91,328)
	1,026,337	1,150,120

The movements of allowance for impairment are analysed as follows:

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
At 1 January	91,328	48,429
Currency translation differences	(2,238)	497
Allowance for write-down, net	5,339	28,757
	94,429	77,683

The Group reversed HK\$6,126,000 of previous inventory write-down during the current reporting period (30 June 2021: HK\$3,999,000), as the Group sold the relevant goods that had been written down to independent customers at prices above net realisable value. The amount reversed has been included in 'cost of sales' in the consolidated statement of profit or loss.



17 TRADE AND OTHER RECEIVABLES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Trade receivables	1,444,282	1,226,404
Less: allowance for impairment of trade receivables	(4,132)	(4,277)
Trade receivables, net	1,440,150	1,222,127
Bills receivable	687	438
Prepayments	14,969	11,413
Deposits	15,564	15,435
Advances to employees	1,043	794
Value added tax allowance	33,138	24,682
Employee welfare	6,144	5,956
Export tax refund receivables	6,711	12,036
Others	5,218	7,037
	1,523,624	1,299,918

*(All amounts in HK dollar thousands unless otherwise stated)***17 TRADE AND OTHER RECEIVABLES (CONTINUED)**

The credit period granted to customers is generally between 30 and 90 days based on invoices date. The ageing analysis of the trade receivables from the date of sales is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Less than 3 months	1,355,605	1,148,323
More than 3 months but not exceeding 1 year	88,677	78,081
	<u>1,444,282</u>	<u>1,226,404</u>

As at 30 June 2022, the carrying amounts of the receivable were approximate to their fair values.

As at 30 June 2022, the Group's bank borrowings were secured over trade and other receivables with the carrying amounts of HK\$300,723,000 (31 December 2021: HK\$399,347,000) (Note 23(a)).



18 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Derivative financial assets — Current	525	—
Derivative financial assets — Non-current	7,071	554
Derivative financial liabilities — Current	54	39
Derivative financial liabilities — Non-current	—	1,339
	Amount	Notional amount
As at 30 June 2022 (unaudited)		
Derivative financial assets — Current		
Types of contracts		
Interest rate swap contracts	525	21,338
Derivative financial assets — Non-current		
Types of contracts		
Interest rate swap contracts	4,722	213,622
Currency swap contracts	2,349	26,422
Derivative financial liabilities — Current		
Types of contracts		
Interest rate swap contracts	54	26,000
As at 31 December 2021 (audited)		
Derivative financial assets — Non-current		
Types of contracts		
Interest rate swap contracts	554	160,300
Derivative financial liabilities — Non-current		
Types of contracts		
Interest rate swap contracts	459	33,647
Currency swap contracts	880	90,478
Derivative financial liabilities — Current		
Types of contracts		
Interest rate swap contracts	39	8,191

Changes in fair values of derivative financial instruments are recorded in 'Other gains/(losses) — net' in the interim condensed consolidated statement of profit or loss.

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity investments at FVOCI comprise the following individual investments:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Non-current assets		
<i>Unlisted equity investments</i>		
GCTeq Wireless (Shenzhen) Co., Ltd.	3,036	6,289
Qingdao Eolock Intelligent Technology Co., Ltd.	—	3,252
	3,036	9,541

The following table presents the changes in FVOCI for the six months ended 30 June 2022 and 30 June 2021:

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Opening balance as at 1 January	9,541	12,487
Fair value change	(6,085)	(3,256)
Currency translation differences	(420)	143
Closing balance as at 30 June	3,036	9,374

Information about the methods and assumptions used in determining fair value is provided in Note 5.3.



20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Fair value of insurance contract for a member of key management	3,261	3,209
Fair value of unlisted equity investments in Huayuan Zhixin Semiconductor (Shenzhen) Co., Ltd	16,370	17,123
Fair value of unlisted equity investments in Chengdu Emfuture Automation Engineering Co., Ltd.	23,386	24,462
	43,017	44,794

Changes in fair value of financial assets at fair value through profit or loss are recorded in 'Other gains/(losses) — net' in the interim condensed consolidated statement of profit or loss (Note 7).

The fair value of the insurance and the fair value of unlisted equity investments in Huayuan Zhixin Semiconductor (Shenzhen) Co., Ltd and Chengdu Emfuture Automation Engineering Co., Ltd. are based on the unobservable inputs.

As at 30 June 2022, the Group's bank borrowings were secured over financial assets at fair value through profit or loss with the carrying amounts of HK\$3,261,000 (31 December 2021: HK\$3,209,000) (Note 23(a)).

*(All amounts in HK dollar thousands unless otherwise stated)***21 RESTRICTED BANK DEPOSITS**

As at 30 June 2022, bank deposits amounting to HK\$13,139,000 (31 December 2021: HK\$63,258,000) are deposits held by the bank in a segregated account as security for borrowings from the bank (Note 23(a)). The remaining bank deposits amounting to HK\$59,639,000 (31 December 2021: Nil) are deposits held by the bank in a segregated account as security for notes payable.

As at 30 June 2022, the weighted average interest rate was 2.73% (31 December 2021: 3.14%).

22 SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

	Number of ordinary shares (thousands)	Share capital (HK\$'000)	Share premium (HK\$'000)
As at 1 January 2022, 30 June 2022, 1 January 2021 and 31 December 2021	1,000,456	10,005	125,788



23 BORROWINGS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Non-current		
Bank borrowings		
— secured (a)	214,926	167,469
— unsecured	161,578	171,929
Less: current portion of non-current borrowings	(129,857)	(101,611)
	246,647	237,787
Current		
Bank borrowings		
— secured (a)	157,064	153,999
— unsecured	92,213	85,524
Total short-term bank borrowings	249,277	239,523
Current portion of non-current borrowings	129,857	101,611
	379,134	341,134
Total borrowings	625,781	578,921

*(All amounts in HK dollar thousands unless otherwise stated)***23 BORROWINGS (CONTINUED)**

Movement in borrowings is as follows:

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Opening balance as at 1 January	578,921	309,277
Proceeds from borrowings	755,523	1,058,039
Repayments of borrowings	(707,304)	(944,163)
Currency translation differences	(1,359)	4,207
Closing balance as at 30 June	625,781	427,360

- (a) As at 30 June 2022, bank borrowings amounting to HK\$371,990,000 (31 December 2021: HK\$321,468,000) are secured over the following assets, the remaining borrowings are credit loan:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Restricted bank deposits (<i>Note 21</i>)	13,139	63,258
Financial assets at fair value through profit or loss — non-current (<i>Note 20</i>)	3,261	3,209
Investment properties (<i>Note 15</i>)	7,700	7,700
Trade and other receivables (<i>Note 17</i>)	300,723	399,347
	324,823	473,514



23 BORROWINGS (CONTINUED)

(b) The carrying amounts of the borrowings are denominated in the following currencies:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
HK\$	568,377	504,967
RMB	35,080	36,693
USD	22,324	37,261
	625,781	578,921

24 DEFERRED GOVERNMENT GRANTS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Opening net book amount	46,324	44,191
Receipt of grants	17,755	14,224
Credited to statement of profit or loss	(2,407)	(11,595)
Currency translation differences	(2,310)	(496)
Closing net book amount	59,362	46,324

Receipt of grants during the Period mainly represented fiscal and tax incentives, and decoration subsidies from the local government amounted to RMB15,184,000 (equivalent to HK\$17,755,000) in 2022.

*(All amounts in HK dollar thousands unless otherwise stated)***24 DEFERRED GOVERNMENT GRANTS (CONTINUED)**

The deferred government grants will be amortised to “Other gains/(losses) — net” from the point at which the relevant assets are ready for use on a straight-line basis over the related assets’ useful lives.

25 TRADE AND OTHER PAYABLES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Trade payables	1,398,559	1,506,740
Wages and staff welfare benefits payable	260,928	271,721
Notes payable	185,292	135,240
Accrual for expenses and other payables	69,865	96,050
Other taxes payable	9,602	8,178
	1,924,246	2,017,929

The ageing analysis of trade payables is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Less than 3 months	1,036,171	1,407,958
More than 3 months but not exceeding 1 year	361,678	98,737
More than 1 year	710	45
	1,398,559	1,506,740



25 TRADE AND OTHER PAYABLES (CONTINUED)

Notes payable amounting to HK\$167,163,000 (31 December 2021: Nil) are secured by the restricted bank deposits of HK\$59,639,000 (31 December 2021: Nil) (Note 21).

The fair values of trade and other payables approximated their carrying amounts as at 30 June 2022 and 31 December 2021.

26 DEFERRED INCOME TAX ASSETS AND LIABILITIES

The movements in deferred income tax assets and liabilities are as follows:

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Deferred income tax assets		
Opening balance as at 1 January	45,601	37,152
Recognized in the profit or loss	5,046	9,437
Recognized in the other comprehensive income	—	(835)
Currency translation differences	(1,993)	392
Closing balance as at 30 June	48,654	46,146

26 DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Deferred income tax liabilities		
Opening balance as at 1 January	91,688	88,031
Recognized in the profit or loss	2,714	5,095
Recognized in the other comprehensive income	(25)	—
Currency translation differences	(4,130)	1,018
Closing balance as at 30 June	90,247	94,144

27 COMMITMENTS

(a) Operating lease commitments

The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Not later than one year	10,210	15,485



27 COMMITMENTS (CONTINUED)

(b) Capital commitments

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
In respect of the acquisitions of plant and equipment, contracted but not provided for	12,269	23,783

28 RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties.

(a) Transactions with related parties during the Period

(i) Purchases of goods and services

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Purchase of goods		
Golden Ocean Copper Manufacturer Co., Limited	62,334	49,133

Goods and services are bought from entities controlled by the Controlling Shareholder on normal commercial terms and conditions.

28 RELATED PARTY TRANSACTIONS (CONTINUED)**(a) Transactions with related parties during the Period
(continued)****(ii) Operating lease expenses**

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Huizhou Tiannengyuan Charging Technology Co., Ltd.	4,868	2,836
Huizhou Golden Ocean Wire Co., Limited	2,133	1,748
Sky Fortune Enterprises Limited	330	348
Golden Lake (HK) Co., Limited	288	—
	7,619	4,932

The amounts represented rental expenses for land and buildings for factory and office purposes in accordance with the lease agreements.



28 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances due from related parties

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Huizhou Tiannengyuan Charging Technology Co., Ltd.	1,228	1,284
Golden Ocean Copper Manufacturer Co., Limited	992	—
Sky Fortune Enterprises Limited	110	116
Golden Lake (HK) Co., Limited	96	84
	2,426	1,484

The balances due from related parties were mainly denominated in RMB. They were unsecured, interest-free, trading in nature and repayable on demand. Their fair values approximated their carrying amounts at 30 June 2022.

28 RELATED PARTY TRANSACTIONS (CONTINUED)**(c) Balances due to related parties**

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Golden Ocean Copper Manufacturer Co., Limited	47,609	28,388
Huizhou Tiannengyuan Charging Technology Co., Ltd.	1,643	—
Huizhou Golden Ocean Wire Co., Limited	189	344
	49,441	28,732

The balances due to related parties were mainly denominated in RMB. They were unsecured, interest-free, trading in nature and due within 3 months. The fair values approximated their carrying amounts at 30 June 2022.

(d) Other related party transactions

In February 2022, the Group acquired 3% and 3% non-controlling interests in Dazhou Ten Pao Jin Hu Electronic Co., Ltd., a subsidiary of the Group, from Madame Yang Bingbing, a director of the Company, and Mr. Hong Wei Xie, senior management of the Group, at considerations of RMB1,075,000 and RMB1,075,000, respectively. The difference between the considerations of RMB2,150,000 (equivalent to HK\$2,514,000) and 6% equity interests in net assets of the above company on the date of acquisition of RMB1,758,000 (equivalent to HK\$2,056,000) is included in the capital reserve of the Group.